

# Thomas-Jensen Affirmation

## Exhibit # 54

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF RHODE ISLAND**

STATE OF NEW YORK; et al.,

Plaintiffs,

v.

DONALD TRUMP, in his official capacity as  
President of the United States; et al.,

Defendants.

C.A. No. 1:25-cv-00039-JJM-PAS

**DECLARATION OF MELISSA COULTAS**

I, Melissa Coultas, declare as follows:

1. I am a resident of the State of Illinois. I am over the age of 18 and have personal knowledge of all the facts stated herein. If called as a witness, I could and would testify competently to the matters set forth below.

2. I am currently employed by the Illinois Department of Employment Security (“IDES” or “Department”) as the Chief of Staff.

3. Two primary responsibilities of IDES are to administer the unemployment insurance system in Illinois and to provide employment services to employers and job seekers throughout Illinois. These responsibilities are related: IDES provides direct assistance to those unemployed at no fault of their own through unemployment compensation, and IDES then helps the newly unemployed move back into the Illinois workforce and forge new career paths. Both the unemployment insurance program and IDES employment services operate as partnerships between the federal and Illinois governments, in accordance with relevant federal statutes and funded in large part through federal appropriations.

4. As IDES Chief of Staff, I have experience in essentially all areas of the Department, including the Fiscal Division, the Service Delivery Division which administers the unemployment insurance programs, and the Employment Services Division which administers programs geared to re-employ individuals. Additionally, I have communicated with relevant staff members in these and other divisions of IDES to ensure the accuracy of the information in this Declaration.

#### **Federal Funding Streams Relied on by IDES**

##### **Unemployment Insurance Administrative Funding**

5. Unemployment insurance was first established under the Social Security Act of 1935 and has since been modified by other statutes, including the Federal Unemployment Tax Act. As established by these federal laws, the unemployment insurance system is voluntary for the States to administer, but when a State chooses to implement unemployment insurance, the system must be operated through a joint federal-state partnership in conformity with federal requirements. IDES administers unemployment insurance in Illinois pursuant to the Illinois Unemployment Insurance Act, 820 ILCS 405/100 *et seq.* IDES has the responsibility under both federal and Illinois law to collect unemployment insurance contributions from employers, process unemployment insurance claims filed by separated employees, assess the eligibility of the claimants when it is in dispute, administer due process appellate procedures, and report program-related statistics to the federal government.

6. Congress has directed the U.S. Department of Labor to disburse funds to States to administer their unemployment insurance programs. IDES's administrative costs include, most notably, the salaries, wages, and fringe benefits paid to IDES employees who run the unemployment insurance system, performing all the duties described in the previous paragraph.

Administrative costs also include non-personnel expenses such as capital expenses and information technology costs.

7. In the past fiscal year, in regular disbursements at least twice monthly, IDES has received up to \$161,393,315 of federal unemployment insurance administrative funding in order to cover most of the basic needs of the Illinois unemployment insurance program.

8. A prolonged delay in the provision of unemployment insurance administrative funding would threaten the ability of IDES to make its payroll and imperil the entire Illinois unemployment insurance system.

9. During a typical week in calendar year 2024, IDES regularly received over 10,000 new unemployment benefits claim filings, which does not include ongoing claims where individuals remain unemployed and receiving benefits. In the previous state fiscal year, IDES distributed \$1,942,988,040 in unemployment insurance benefits to Illinois workers who lost a job due to no fault of their own.

10. If IDES cannot process these claims, newly unemployed workers—who may live paycheck to paycheck, with monthly bills coming due at any time—will not receive the benefits to which they are entitled under both federal and Illinois law.

#### **Equity, Tiger Team, and UI Modernization Grants**

11. In addition to general administrative funding, the U.S. Department of Labor also provides specific grants to IDES to help IDES continuously improve the administration of the unemployment insurance and employment services systems in Illinois. Such sources include, but are not limited to, State Equity grants, Tiger Team grants, and Unemployment Insurance Modernization grants. IDES applied for and was awarded these grants for use in multiple federal fiscal years.

12. State Equity grants aim to promote equitable access to unemployment compensation programs, often focusing on technology improvements to improve the customer experience and to overcome barriers for specific populations, such as non-English speakers, disabled people, low-income claimants, and rural communities.

13. IDES received \$6,840,000 in State Equity grant awards beginning April 2022, from which \$3,790,529 has been expended and received by IDES through January 2025. The State Equity grant award included \$2,750,000 to build a new user portal for unemployment claimants that will benefit all Illinois claimants. IDES is actively soliciting proposals from companies under this grant, which is a cornerstone of IDES's plans to upgrade its technology infrastructure in the coming years.

14. Tiger Team grants refer to U.S. Department of Labor "Tiger Teams," which are multi-disciplinary teams of experts designed to analyze state unemployment insurance systems and address state-specific challenges. IDES received \$4,473,550 in Tiger Team grant awards beginning in April 2023, from which \$3,058,898 has been expended and received by IDES through January 2025.

15. Unemployment Insurance Modernization grants provided strategic investments in state unemployment insurance programs and were funded through the American Rescue Plan Act during the pandemic surge in unemployment claims. IDES received \$11,250,000 in Unemployment Insurance Modernization grant awards beginning April 2023, from which \$7,059 has been expended and received by IDES through January 2025.

16. All of these additional sources of funding are critical to IDES's efforts to provide a modern, efficient customer service experience for both employers and claimants in the unemployment insurance system. They promote compliance with unemployment insurance

contributions and the proper payment of unemployment insurance benefits. IDES could not have made substantial improvements in recent years without these funds.

17. During state fiscal year 2024, IDES executed over 113,000 appointments for in-person services that addressed unemployment insurance as well as employment services matters. In addition, IDES maintains call centers that addressed over 1.3 million calls from individuals and employers for state fiscal year 2024. These federal grants are intended to support continuous process improvement and increased efficiencies, which will in turn improve the customer experience. Suspension of these funds halt these efforts and may negatively impact the public's ability to access needed benefits that provide economic security as well as the resources to achieve self-sufficiency.

#### **Employment Services Grants**

18. IDES also applies for and receives federal funding to fulfill the second major aspect of its mission, employment services and retraining for newly unemployed workers. First, IDES receives funds through the federal Jobs for Veterans State Grants (JVSG) program. The JVSG program provides federal funding, via a formula grant established by Congress in the Jobs for Veterans Act, for state agencies to provide individualized career services to veterans with significant barriers to employment and outreach to businesses to hire veterans. Veterans with significant barriers to employment include disabled veterans and veterans suffering from post-traumatic stress disorder.

19. IDES has received annual awards through JVSG grants, including \$6,210,252 for the most recent complete year of funding. The JVSG grants pay for the salaries of specific staff members at IDES who specialize in providing employment services to unemployed veterans, including Veterans Career Coaches and Veterans Business Specialists. IDES could not pay these employees' salaries on a permanent basis without JVSG funding.

20. IDES also receives funding through the Reemployment Services and Eligibility Assessment (RESEA) grant program. Established by Congress through amendments to the Social Security Act, the RESEA program establishes a dedicated fund to provide reemployment services to those unemployment insurance claimants most likely to exhaust their benefits without finding new employment. It funds meetings between claimants and IDES staff to review unemployment insurance requirements, develop individual reemployment plans, and access additional resources to support the claimant's return to work.

21. IDES has received annual awards through RESEA grants, including \$15,934,597 for the most recent complete year of funding. RESEA funds pay for IDES frontline staff to provide evidence-based individualized services to claimants to both assist with reemployment and protect the integrity of the UI program through eligibility reviews. Funding also supports evaluation of the services.

#### **Trade Readjustment Assistance**

22. IDES administers the Trade Readjustment Allowances system in Illinois. The Trade Readjustment Assistance (TRA) program, which was established by the Federal Trade Act of 1974, provides income support payments to people who have exhausted their normal unemployment insurance benefits and whose careers were disrupted by foreign imports. TRA funds provide additional paid training, financial help, and relocation assistance to unemployed workers within worker groups certified by the U.S. Department of Labor to have lost their jobs due to foreign import competition. In short, the TRA aims to help those left behind by globalization and free trade agreements.

23. During state fiscal year 2024, IDES received \$4,235,000 through TRA grants. IDES has in turn distributed \$4,065,034 in TRA benefits to Illinois workers who lost a job due to no fault of their own during that time period. TRA benefits rely entirely on federal funds.

### **Workforce Innovation and Opportunity Act Grants**

24. IDES also administers Title III of the federal Workforce Innovation and Opportunity Act (“WIOA” also known as “Wagner Peyser”), which provides federal funding via a formula grant established by Congress to: operate in-person and online labor exchange services with the purpose of bringing together individuals seeking employment with employers seeking workers; provide labor market information to the public workforce system; and ensure that migrant and seasonal farmworkers have information and access to the public workforce system in Illinois.

25. IDES has received annual awards through Wagner Peyser/WIOA Title III grants, including \$26,439,971 for the most recent complete year of funding. This money directly funds IDES staff dedicated to several functions as well as the operation of two online systems. For example, these grants fund IDES’s free online labor exchange system for the public, Illinois Job Link, and the staff supporting its operations; IDES staff in local offices who provide employment services to the public, including assisting Illinois businesses to meet their hiring needs and provide employment resources to high school youth; IDES staff who conduct outreach to migrant and seasonal farmworkers; a State Monitor Advocate to ensure compliance with federal requirements related to migrant and seasonal farmworkers; and the provision of labor market information to the workforce system in Illinois, including the free online Career Information Service system which provides career, education, and labor market information to the public.

### **Harm Inflicted by a Funding Pause**

26. Considering the programs listed above, as well as many other federal grants not specifically discussed in this declaration, the budget of IDES for this fiscal year planned on the receipt of \$224,748,278 in federal monies, amounting to 93.6% of budgeted revenue for IDES.



27. IDES made plans and allocated funding for staffing based on the anticipated receipt of federal funding.

28. IDES's reserves cannot cover an indefinite period of operating expenses, and a pause in our federal funding could imperil IDES's ability to provide continuous services in the areas discussed above.

29. In the first seven months of the current state fiscal year, we have received disbursements averaging about \$19.4 million per month under our current federal grants. IDES currently has over \$91.2 million of unexpended federal grant awards that have not yet been closed as of February 5, 2025. This amount does not include anticipated funding for the current federal fiscal year beyond the continuing resolution currently in effect, nor does it include remaining balances from CARES Act grants related to pandemic-era benefit programs.

30. IDES receives disbursements from federal grants at least twice each month. If IDES does not receive such disbursements, the shortfall would immediately negatively impact Department operations and the ability to meet its obligations. The Department would be forced to meet the shortfall by holding payments to vendors for services provided, implementing an internal hiring freeze, and likely pausing modernization projects that are critical to implementing lessons learned from the pandemic. Within several months of no federal funding, IDES would be forced to look at layoffs and deep cuts to services provided, jeopardizing our ability to provide employment and unemployment services to the public, including staff we laid off and other employers and workers throughout Illinois.

#### **Recent Issues with Access to Federal Funds**

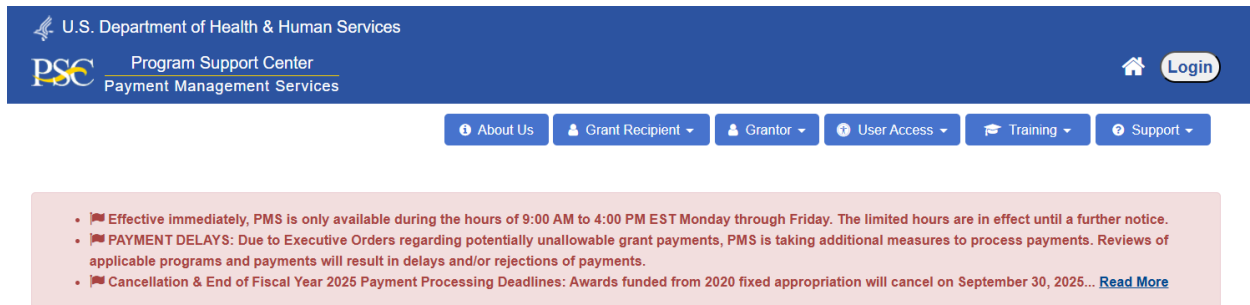
31. On January 22, 2025, the U.S. Department of Labor sent a notice to IDES about recent executive orders. In particular, the U.S. Department of Labor Employment and Training Administration directed IDES "to cease all activities related to 'diversity, equity, and inclusion'

(DEI) or ‘diversity, equity, inclusion, and accessibility’ (DEIA) under [its] federal awards.” *See* Training and Employment Notice No. 21-24, ¶ 2 (Jan. 22, 2025) (Exhibit A). The notice cited Executive Orders 14151 and 14173 as authority for this command. *Id.*

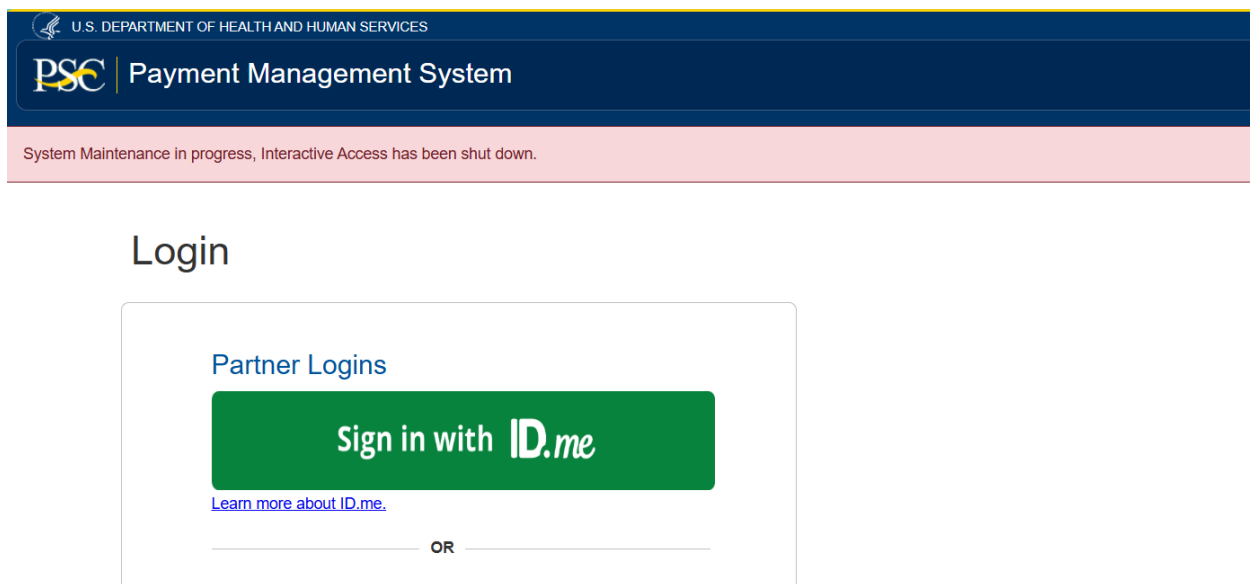
32. The memo stated that “further guidance on specific activities that are allowable and unallowable” would be forthcoming, *id.* ¶ 4, but as of this writing, no further guidance has issued. In the absence of guidance, IDES is uncertain that it can meet the timeline and deliverables for grants that seek to improve individuals’ ability to successfully apply for benefits for which they may be eligible.

33. IDES uses a federal web portal called Payment Management Services (PMS) to request disbursement of the vast majority of the federal funds discussed in this declaration, including: unemployment insurance administrative funding, including IDES payroll; State Equity, Tiger Teams, and Modernization grants; the Jobs for Veterans State Grant Program; Reemployment Services and Eligibility Assessment grants; Trade Readjustment Assistance benefits; and Workforce Innovation and Opportunity Act grants.

34. In the morning of January 28, 2025, when IDES staff attempted to log in to PMS, they received various error messages that prevented any application for disbursement of funds. Two messages simply prevented the web portal from loading, indicating “503 Service Temporarily Unavailable” and “Proxy Error ... Error reading from remote server.” Eventually, IDES staff did gain access to the system, but a new message had appeared: “Due to Executive orders regarding potentially unallowable grant payments, PMS is taking additional measures to process payments. Reviews of applicable programs and payments will result in delays and/or rejections of payments.” A screenshot of this message is below:



35. As of 1:05 PM on January 28, 2025, when IDES staff attempted to log in to PMS, a different error message appeared, which stated: “System Maintenance in progress, Interactive Access has been shut down.” A screenshot of this message is attached below:



It was not possible at that time for IDES staff to gain access to PMS.

36. As of this writing, IDES again has access to PMS.

37. We continue to be concerned that the funding will again be delayed or denied because the U.S. Department of Labor has canceled recent meetings intended to provide guidance and best practices for the execution of grants. In particular, U.S. Department of Labor staff canceled previously planned meetings with IDES on January 23 and 24, 2025, scheduled to discuss, among other things, American Rescue Plan Act grant budgets.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on February 5, 2025, at Chicago, Illinois.



MELISSA COULTAS

# **EXHIBIT A**

<b>TRAINING AND EMPLOYMENT NOTICE</b>	<b>NO .</b> 21-24
	<b>DATE</b> January 22, 2025

**TO:** STATE WORKFORCE AGENCIES  
STATE WORKFORCE LIAISONS  
STATE WORKFORCE DEVELOPMENT BOARDS AND STAFF  
LOCAL WORKFORCE DEVELOPMENT BOARDS AND STAFF  
AMERICAN JOB CENTER DIRECTORS  
ETA COMPETITIVE GRANTEEES  
COMMUNITY COLLEGES AND TRIBAL COLLEGES  
STATE APPRENTICESHIP AGENCIES  
JOB CORPS CENTER DIRECTORS

**FROM:** MICHELLE PACZYNSKI /s/  
Acting Deputy Assistant Secretary

**SUBJECT:** Immediate Implementation of Executive Orders “Ending Radical and Wasteful Government DEI Programs and Preferencing” and “Ending Illegal Discrimination and Restoring Merit-Based Opportunity”

1. **Purpose.** To notify all Employment and Training Administration (ETA) recipients about changes ETA is making to federal financial assistance awards to prohibit activities described in President Trump’s Executive Orders (EOs) titled, “Ending Radical and Wasteful Government DEI Programs and Preferencing,” issued on January 20, 2025, and “Ending Illegal Discrimination and Restoring Merit-Based Opportunity,” issued on January 21, 2025.
2. **Action Requested.** Effective immediately, all recipients of federal financial assistance awards are directed to cease all activities related to “diversity, equity, and inclusion” (DEI) or “diversity, equity, inclusion, and accessibility” (DEIA) under their federal awards, consistent with the requirements of the EOs titled, “Ending Radical and Wasteful Government DEI Programs and Preferencing,” issued on January 20, 2025, and “Ending Illegal Discrimination and Restoring Merit-Based Opportunity,” issued on January 21, 2025. Additional guidance will be provided.
3. **Summary and Background.**
  - a. Summary – This notice shares recent EO requirements to eliminate DEI activities that constitute illegal discrimination or preferences.
  - b. Background – President Trump has issued several EOs, which are available at <https://www.whitehouse.gov/presidential-actions/>, including the EOs titled, “Ending Radical and Wasteful Government DEI Programs and Preferencing,” issued on January 20, 2025, and “Ending Illegal Discrimination and Restoring Merit-Based Opportunity,”

issued on January 21, 2025. All federal agencies are taking steps to implement these EOs, and promptly notifying all federal awardees. ETA, like all federal agencies, will provide further guidance on specific programs and activities within those programs.

4. **Ceasing DEIA activities.** All awardees must immediately cease all award activities related to DEI or DEIA. All other award activities should continue.

ETA will issue further guidance on specific activities that are allowable and unallowable.

5. **Inquiries.** Please direct inquiries to the appropriate Regional Office.

6. **References.**

- Executive Order, “Ending Radical and Wasteful Government DEI Programs and Preferencing,” January 20, 2025, available at <https://www.whitehouse.gov/presidential-actions/2025/01/ending-radical-and-wasteful-government-dei-programs-and-preferencing/>.
- Executive Order, “Ending Illegal Discrimination and Restoring Merit-Based Opportunity,” January 21, 2025, available at <https://www.whitehouse.gov/presidential-actions/2025/01/ending-illegal-discrimination-and-restoring-merit-based-opportunity/>.

7. **Attachments.** N/A